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Sustainability at PG&E: Building a Foundation for the Future

California Public Utilities Commission
En Banc on Sustainable Utilities

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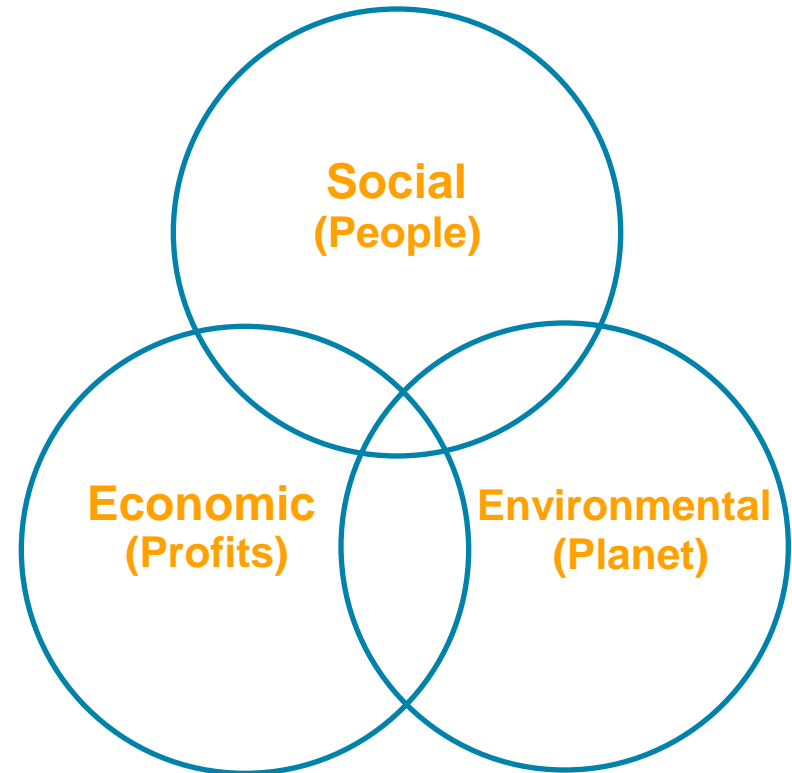
Sustainability at PG&E

Triple Bottom Line-driven

- People
- Planet
- Profits

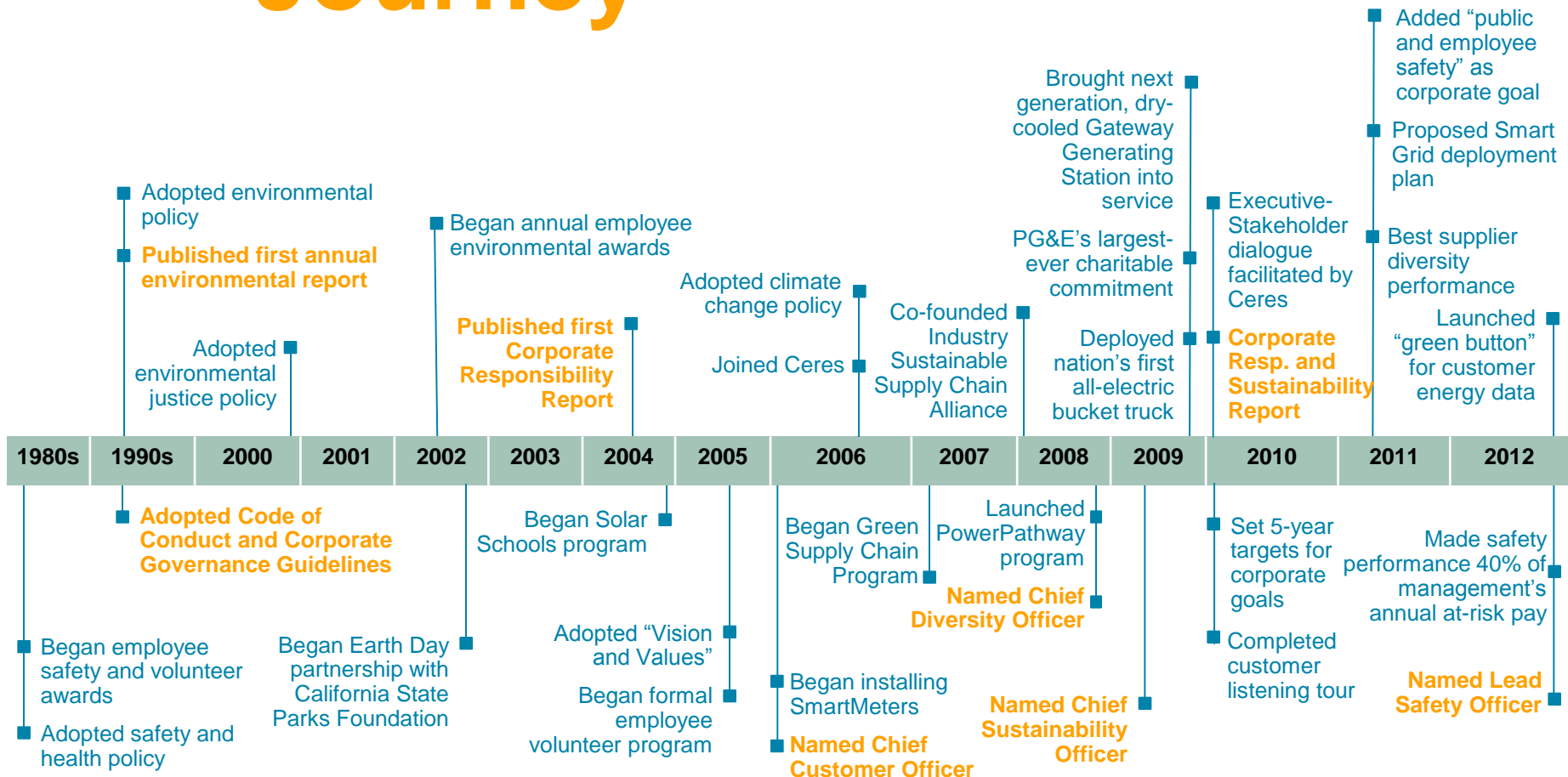
Aligns with five corporate goals

- Public and Employee Safety
- Delighted Customers
- Engaged Employees
- Environmental Leadership
- Rewarded Shareholders





Selected Milestones on PG&E's Sustainability Journey





About the Business

Safety

Customers & Communities

Employees

Economic Vitality

Environment

2011 Corporate Responsibility and Sustainability Report

PG&E's Sustainability Journey: Building a Stronger Foundation for the Future



» Chairman and
CEO Tony Earley
discusses
sustainability
at PG&E

» Message from
the Chief
Sustainability
Officer



Improving the Safety of
Our Gas Operations



Strengthening Collaboration
with First Responders



Building Career Pathways



Driving Local Economic
Benefits



Protecting Condors in Big Sur

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Key Sustainability Indicators

■ = meets or exceeds target ■ = below target ■ = substantially below target

2010 Target

Progress

2010 Result

2011 Target

Environmental Compliance¹

Reduce rate of Notices of Violation (NOVs) per 100 agency inspections to 1.68	■	0.98 NOVs per 100 agency inspections	0.86 NOVs per 100 agency inspections
Reduce the number of NOVs to 15	■	8 NOVs	7 NOVs

Buildings and Operations

Additional 4% reduction in energy use at 156 sites ²	■	4.3% reduction	Additional 4.2% reduction at 168 sites
Additional 4% reduction in water at 91 sites ³	■	7.1% reduction	Additional 5.7% reduction at 125 sites
Increase waste diversion rate by 6% at 6 sites ⁴	■	7.8% increase in diversion rate	Achieve 55% waste diversion rate at 48 sites ⁵
Retrofit 2,080 utility poles, making them "bird-safe"	■	2,160 utility poles	2,090 utility poles

Clean Energy

Stay on track to meet California's Renewable Portfolio Standard (an average of 20% per year for the 2011 to 2013 period)	■	15.9% from PG&E-owned facilities or contracts; more than 20% under contract for future delivery	Stay on track to meet California's Renewable Portfolio Standard (an average of 20% per year for the 2011 to 2013 period)
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¹ PG&E includes an environmental compliance metric as part of its short-term incentive plan, an annual measure that impacts the compensation of all management employees. In 2010, the environmental compliance metric was PG&E's rate of NOVs per 100 agency inspections. Starting in 2011, the metric will be the absolute number of NOVs; however, we will continue to monitor and track the NOV rate.

² Energy use is measured in BTUs and the sites include offices and service yards.

³ Water use is measured in gallons and the sites include offices and service yards.

⁴ The six sites represented approximately one third of the waste produced by the buildings at PG&E's offices and service yards.

⁵ Consistent with industry best practice and LEED™ certification criteria, the methodology for measuring this target was updated in 2011 to measure the diversion rate in the final quarter of each year rather than the diversion rate over the full calendar year.

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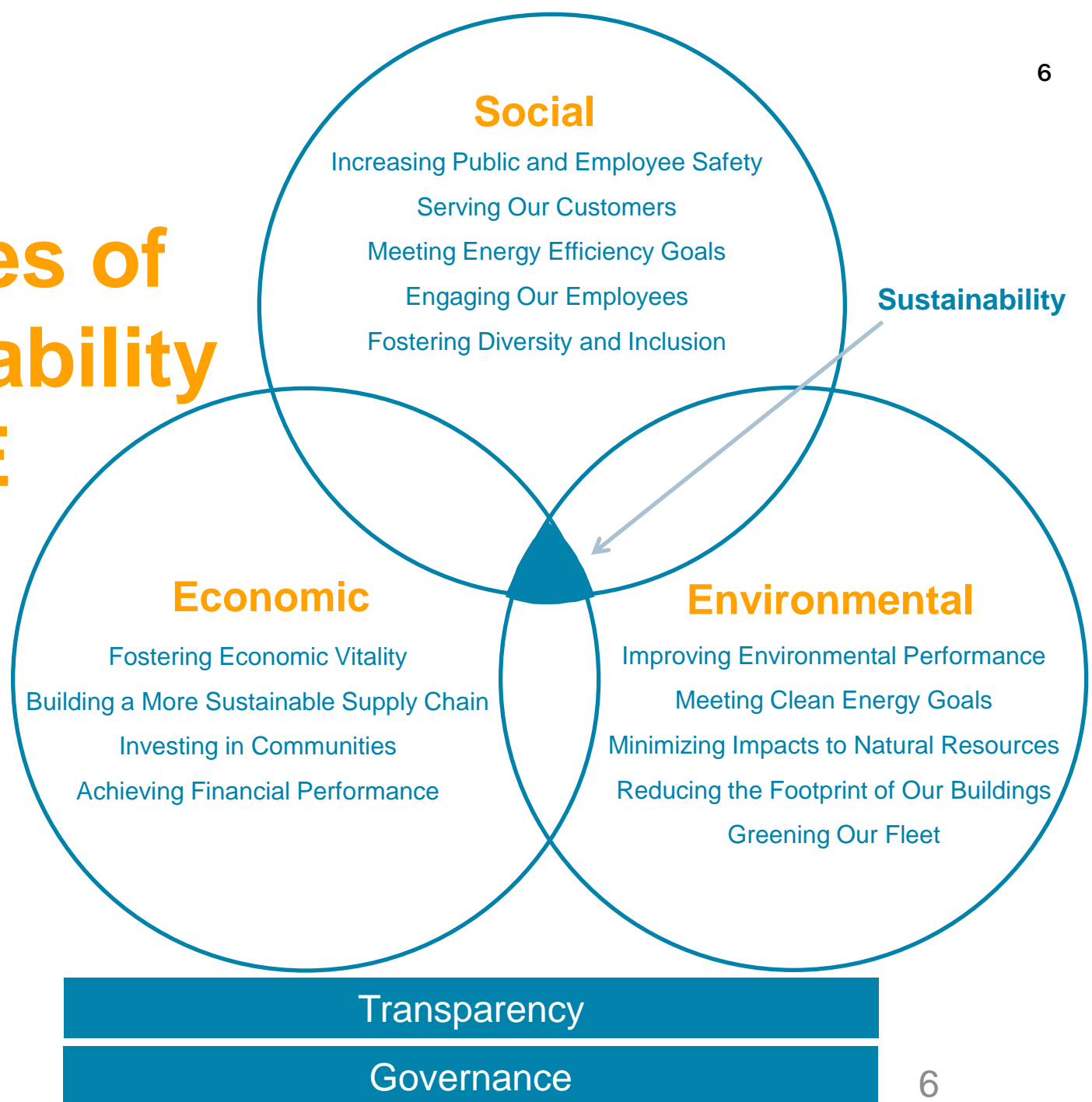


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Examples of Sustainability at PG&E





Sustainability in Practice: Fostering Economic Vitality While Greening Our Fleet

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PG&E has more than 270 of these vehicles in its fleet already, with plans to purchase about 280 more by the end of 2014.

PG&E is investing in a range of electric and hybrid vehicles, integrating sustainability into our business operations.

PG&E and Altec Industries developed a first-of-its-kind plug-in battery-powered system for PG&E's bucket trucks that:

- Operates the hydraulic lift and other accessories at the job site, avoiding the need to idle the vehicle's engine.
- Reduces fuel consumption and emissions, saves money, and provides a safer work environment by reducing noise.
- Spearheaded the recent opening of Altec's green-vehicle manufacturing facility.



Sustainability in Practice: Building a More Sustainable Supply Chain



As PG&E works toward our goal of 250 MW of new utility-owned solar power, we are leveraging the expertise of diverse suppliers.

PG&E's work to build a more sustainable supply chain includes helping to “green” our suppliers and integrating more diverse suppliers into our supply chain.

Recent highlights:

- Spending \$1.61 billion in 2011 with diverse suppliers, an all-time record that accounted for 36.6% of our total procurement budget.
- Announcing a new set of Supplier Environmental Performance Standards for our top tiers of suppliers, leveraging ongoing work with the Electric Utility Industry Sustainable Supply Chain Alliance.



Sustainability in Practice: Pre-Apprentice Lineworker Program

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Program provides economic opportunities, promotes diversity, and serves as a model for the way we approach training.

With a portion of our workforce nearing retirement, it's critical that we maintain a “pipeline” of skilled line workers to ensure safe and reliable energy service to customers.

This new “pre-apprentice” program was developed in collaboration with the IBEW labor union:

- Provides candidates with formal training and assessments.
- Strong emphasis on safety.
- Those who complete the one-year program will become apprentice linemen, the beginning of a multi-year apprenticeship.



Sustainability in Practice: Solar Habitat Program



PG&E has provided more than \$7 million to fund solar electric systems on more than 350 Habitat-built homes.

PG&E is focused on making charitable grants that invest in the local vitality of the communities we serve.

This partnership between PG&E and Habitat for Humanity International:

- Funds the full cost of solar electric systems on every Habitat-built home in northern and central California.
- Brings solar energy to families with limited incomes in underserved communities.
- Saves families about \$500 a year on energy costs—helping to keep new homeowner payments affordable.
- Provides employee volunteer opportunities.



Recent Recognition

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CARBON DISCLOSURE PROJECT



- Named to 2011 Dow Jones Sustainability North America Index
- Named to Carbon Disclosure Project's 2011 Carbon Disclosure Leadership Index
- Ranked 38th in 2012 100 Best Corporate Citizens List – Corporate Responsibility Magazine
- Earned Supplier Diversity Excellence award for outstanding leadership – Edison Electric Institute
- Named Corporation of the Year – Northern California Minority Supplier Development Council
- One of America's Top Corporations for Women's Business Enterprises – Women's Business Enterprise National Council
- Named to Top 50 Companies for Latinas to Work For in America – LATINA Style Magazine
- Recipient of 2011 ENERGY STAR® Sustained Excellence Award – U.S. Environmental Protection Agency (EPA)
- Recipient of Clean Air Excellence Award – U.S. EPA
- Earned Solar Business Achievement Award – Solar Electric Power Association
- Earned award for PG&E's New Energy Academy as best in class public/private partnership – National Career Academy Coalition



Continued Areas of Focus for Sustainability

Further integrating sustainability into our business

Maintaining our focus on the environment while strengthening the social and economic aspects of our sustainability commitment

Expanding and improving PG&E's sustainability reporting and disclosure

Continued reliance on engagement with stakeholders to guide our efforts